



MEDIA RELEASE

Hon. John Hatzistergos MLC
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OVERCHARGING STILL A CAUSE OF CONCERN FOR LEGAL CONSUMERS

NSW Attorney General, John Hatzistergos, today said that legal costs reform was more important than ever following a report indicating a 'significant' number of investigations in the past year that dealt with allegations of overcharging.

Mr Hatzistergos made his comments after tabling a report from the Office of the Legal Services Commissioner.

"Last year, as part of national legal profession reform projects, the NSW Government put forward a package of options to ensure there is greater transparency when it comes to legal fees including financial penalties for law firms who exploit and overcharge clients," he said.

"The NSW Government will continue to push for reforms that prevent law firms from grossly overcharging their clients and provide for greater consumer protection.

"Anecdotal evidence and reports compiled by regulatory bodies such as the Legal Services Commission continue to back up the Government's position that more must be done to curb overcharging at a national level," he said.

In the last financial year, the Office of the Legal Services Commissioner received 2,851 complaints predominately in the areas of civil, family, succession and personal injury law.

The report clearly shows that of these complaints, claims clients have been overcharged have steadily increased from 9.1 per cent in 2006/07 to 10.9 per cent in 2008/2009.

"The overwhelming majority of the legal profession act with integrity. But this report indicates that allegations against lawyers overcharging clients is a consistent problem," he said.

"The National Legal Profession Reform Taskforce has released a paper on legal costs for consultation that largely adopts the proposals put forward by the NSW Government."

These proposals include:

- Strengthening the existing provision that a written disclosure to a client may be in a language other than English if the client is more familiar with that language;
- Requiring law practices to provide periodic, itemised bills to clients in personal injury matters;
- Prohibiting law practices from seeking clients' authorities to deduct legal costs from a settlement amount without having first informed the client of the settlement amount and issued the client with a bill (which must be itemised in personal injury matters);
- Providing that a bill or covering letter must be signed by a principal of a law practice (rather than a legal practitioner or other person); and
- Prohibiting law practices from charging excessive costs in a legal matter, and providing a financial penalty for breach of this provision without a reasonable excuse.